

*South Carolina State* **PORTS AUTHORITY**

BERNARD S. GROSECLOSE, JR.  
*President and Chief Executive Officer*

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August 31, 2007

VIA EMAIL AND OVERNIGHT MAIL

Mr. Les Boles  
Director  
Office of State Budget  
1201 Main St., Ste. 950  
Columbia, South Carolina 29201

Dear Mr. Boles:

Enclosed please find the FY2008-2009 budget request of the South Carolina State Ports Authority.

We request funds of \$8.1 million as the State's match for federal funds related to the deepening of Charleston Harbor. There are no FTEs or Provisos included in our budget request.

If you have any questions, please call me at (843) 577-8600.

Sincerely,



Bernard S. Groseclose, Jr.

BSCG/Randw

Enclosures

cc: Mr. Peter N. Hughes, CFO

## FISCAL YEAR 2008-09 BUDGET PLAN

### I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name:     Y-14  
   S.C. State Ports Authority

B.    Statewide Mission: The mission of the South Carolina State Ports Authority is to contribute to the economic development of the State of South Carolina by fostering and stimulating waterborne commerce and shipment of freight. In pursuit of this mission, the Authority will develop, operate and maintain competitive, cost-efficient, highly productive cargo handling facilities in a fiscally responsible manner. The Authority will pursue economic opportunities that support and enhance its core business.

C.    Summary Description of Strategic or Long-Term Goals:

(1)    See above.

(2)

(3)

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Activity Number & Name:										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Activity Number & Name:										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00

Summary of Operating Budget Priorities for FY 2008-09:	FUNDING					FTEs			
	State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Activity Number & Name:									
TOTAL OF ALL PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$

Federal\$

Other \$

F. Efficiency Measures:

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.: 1	<u>Project Name:</u> Activity Number & Name: #1470 Harbor Deepening	Project No*: 9501	\$8,100,000	\$41,700,000	0	\$ 49,800,000
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$ 8,100,000	\$ 41,700,000	\$ 0	\$ 49,800,000

\* If applicable

H. Number of Proviso Changes: N/A

- I. I. Signature/Agency Contacts/Telephone Numbers: Peter N. Hughes, Chief Financial Officer, S.C. State Ports Authority, P.O. Box 22287, Charleston, S.C. 29413-2287, Telephone Number (843) 577-8140, Fax (843) 577-8626.

**II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES**

- A. Agency Section/Code/Name: N/A
- B. Priority No. \_\_\_\_ of \_\_\_\_
- C. (1) Title:  
(2) Summary Description:  
(3) Strategic Goal/Action Plan (*if applicable*):
- D. Budget Program Number and Name:
- E. Agency Activity Number and Name:
- F. Detailed Justification for Funding
- (1) Justification for Funding Increase:
- (2)

<b>FY 2008-09 Cost Estimates:</b>	<b>State Non-Recurring Funds</b>	<b>State Recurring Funds</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>					
(a) Number of FTEs*					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses					\$ 0

<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$  
Federal \$  
Other \$

(4) Is this priority associated with a Capital Budget Priority? \_\_\_\_\_ If yes, state Capital Budget Priority Number and Project Name: \_\_\_\_\_.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State \_\_\_\_\_

Federal \_\_\_\_\_

Other \_\_\_\_\_

Agency-wide Vacant FTEs as of July 31, 2007: \_\_\_\_\_

% Vacant \_\_\_\_\_%

H. Other Comments:

### III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name: Y-14 S.C. State Ports Authority
- B. Priority No. 1 of 1
- C. Strategic Goal/Action Plan (*if applicable*): N/A
- D. Project Name and Number (*if applicable*): Charleston 45 Foot Harbor Deepening with Project number 9501
- E. Agency Activity Number and Name: #1470 Harbor Deepening
- F. Description of Priority: Additional funding of \$8.1 million is requested to complete the Charleston Harbor Deepening project. (This amount is \$9 million less than originally projected. This cost saving results primarily from the elimination of the deepening of the Daniel Island turning basin). The project will continue deepening of the Charleston Harbor to 45 feet allowing larger container ships to utilize the Port Authority's facilities in Charleston. Existing channel depths, widths, and alignments constrain the ability of vessels to utilize the port to their design capacity, increase transit time due to limited ability to pass except at designated locations, and/or present hazardous conditions. Vessels with deeper drafts will be able to take advantage of the deeper channel and reduce transportation costs from tidal delays. Additional transportation savings will result from improved passing areas and alignments. This project has been authorized by the Federal Army Corps of Engineers at an estimated total cost of \$148 million. A cost matching agreement has been executed between the Army Corps of Engineers and the Port Authority. The State's share of this project is estimated to be a total of \$49.8 million. Funds in the amount of \$8.1 million were carried over from the 40-foot harbor deepening project and funded the start-up costs for the 45-foot project. Funding of \$24 million was received in the 1999 bond bill. In FY 2004-05 \$2.4 million was received from appropriated state funds. In FY2005-06, FY2006-07, and FY2007-08 an additional \$2.4 million was received in each of these fiscal years from capital reserve funds. An additional \$8.1 million is needed to complete the project and meet the Port Authority's obligation under the Federal cost matching agreement.
- G. Detailed Justification for Funding
  - (1) Justification for Funding Priority: As explained above, \$8.1 million represent the State's matching share for the Federal project.
  - (2)

<b>Total Project Cost Estimates:</b>	<b>Additional State Funds</b>	<b>Previously Authorized State Funds</b>	<b>Total Other Fund Sources</b>	<b>Project Total</b>
Total Project Cost*	\$8,100,000	\$41,700,000		\$ 49,800,000

\* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

H. Justification for First Year Additional Future Annual Operating Costs: N/A

(1) Will additional annual operating costs be absorbed into your existing budget? N/A. Federal government maintains the channel.

If not, will additional state funds be needed in the future? \_\_\_\_\_

If state funds will not be needed in the future, explain the source(s) that will be used. contracts with clients (fees for services)

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: \_\_\_\_N/A\_\_\_\_ Will this fiscal year require a partial or full year's operating funds? \_\_\_\_N/A\_\_\_\_ If a partial year's funds are required, what portion of the year does it cover? \_\_\_\_\_

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs (If Section H above represents a full year's operating funds, do not complete this section.)



(1) Will additional annual operating costs be absorbed into your existing budget? \_\_\_\_\_  
 If not, will additional state funds be needed in the future? \_\_\_\_\_  
 If state funds will not be needed in the future, explain the source(s) that will be used. \_\_\_\_\_

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: \_\_\_\_\_

(3)

<b>Additional Annual Operating Cost Details:</b>	<b>State Non-Recurring</b>	<b>State Recurring</b>	<b>Federal</b>	<b>Other</b>	<b>Total</b>
<b>Total Costs:</b>					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
<b>Total</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

#### IV. PROVISOS

- A. Affected Agency Section/Code/Name:
- B. Related Funding Priority Number (*Leave blank if not associated with funding priority*):
- C. Proviso Number (*If new indicate "New #1," "New #2," etc.*):
- D. Action (*Indicate Amend, Delete, or Add*):
- E. Descriptive Proviso Title:
- F. Summary of Existing or New Proviso:
- G. Explanation of Amendment to/or Deletion of Existing Proviso (*If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified*):
- H. Explanation of How the Change Affects Current Law or Policy:
- I. Justification:
  - a) Description of why this action is necessary:
  - b) Description of how this action will contribute to the agency's mission:
  - c) Cite the section and reference paragraphs if included in your agency's Accountability Report:
- J. Fiscal Impact (*Include impact on all sources of funds – state, federal, and other*):
- K. Submitted By (*Include agency name submitting change, contact person name, telephone number and email*):
- L. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline:

## FY 2008-09 ACTIVITY PRIORITY ADDENDUM

### I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: Y14 S.C. State Ports Authority

B.

<b>Priority Assessment of Activities – Highest Priorities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name: 1 – #1470 Harbor Deepening	0	0	\$2,400,000	0	0	\$2,400,000	0
Activity Number & Name: 2 – New Terminal Development	0	0	\$167,541,103	0	0	\$167,541,103	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
<b>TOTAL OF HIGHEST PRIORITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$169,941,103</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$169,941,103</b>	<b>0.00</b>

## FY 2008-09 ACTIVITY PRIORITY ADDENDUM

### II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

A. Agency Section/Code/Name: N/A

B. Agency Activity Number and Name:

C. Explanation of Lowest Priority Status:

D. Estimate of Savings:

<b>Estimate of Savings:</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
<b>Total</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

E. Activity Impact (Describe the impact on the activity affected including the impact on customers and clients.):

F.

[illegible]